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October 30, 2007

TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.  
Director and Chief Medical Officer

SUBJECT: **BEILENSEN HEARING ON ELIMINATION OF INPATIENT  
AND EMERGENCY SERVICES AT MARTIN LUTHER  
KING, JR. - HARBOR HOSPITAL**

The public hearing (Beilenson) on the elimination of inpatient and emergency room services at Martin Luther King, Jr. (MLK) - Harbor Hospital is scheduled for October 30, 2007, at 12:00 noon, in the Board of Supervisors hearing room. The hearing will provide members of the public with the opportunity to be heard regarding the impact of the closures. The following is an overview of the comments that the Department will make during the hearing.

**Reason for Closing MLK-Harbor Hospital**

On August 10, 2007, the federal Centers for Medicare and Medicaid Services (CMS) provided its final determination based on the survey conducted at MLK-Harbor Hospital from July 23 to July 27, 2007. The Hospital failed to meet several conditions of participation and CMS terminated the Hospital's contract effective August 15, 2007.

On August 10, 2007, the Los Angeles County Department of Health Services (Department) notified the California State licensing authority that, in light of the notice of termination of the hospital's provider contract served by CMS, and the immediate, critical staffing shortages that resulted from that notice, the Department initiated urgent action to protect patient safety, including the closure of emergency department and inpatient services at the hospital.

Emergency services ceased immediately, the evening of August 10, 2007. MLK- Harbor Hospital's inpatient services closed over the next 11 days. All services closed in an orderly fashion.

**Plans to Re-Open MLK Hospital**

Hammes Company has been retained to work with the County to identify qualified operators who have the capability and interest in re-opening and operating the hospital on the current site.

On October 8, 2007, a Request for Solutions (RFS) to identify an operator

to re-open MLK Hospital was officially posted on the Department's website and sent to a group of prospective operators that contacted the Department and/or Hammes Company requesting to be on the distribution list for the RFS. The RFS was also distributed to three prospective operators identified and contacted via five-signature letters by your Board which invited them to enter into preliminary discussions regarding their potential involvement with the re-opening of MLK Hospital. The three entities are the University of California, Catholic Healthcare West, and the Daughters of Charity Health System.

In total, six parties have expressed interest in further discussions, including three who submitted Letters of Intent in response to the RFS and the three who were sent letters by your Board. Three of the parties participated in site visits to MLK on October 17 and 18, 2007. Site visits for the remaining three are being scheduled.

A public meeting to review the process and timeline for identifying potential operators for MLK and to solicit community input was held on October 10, 2007, at the Hudson Auditorium at MLK. There were approximately 200 attendees. Input from the meeting will be used during the next steps of the selection process.

Concurrently, the County is developing a plan to re-open MLK-Harbor as a County-operated hospital in the event that an outside operator cannot be identified.

### **Mitigation Efforts**

The County worked collaboratively with the State Department of Health Services to voluntarily place the inpatient license in suspense for MLK-Harbor Hospital. This will allow a new operator or the County to re-open the hospital under the same seismic and Building and Safety Code standards.

Your Board approved a contingency plan to mitigate the impact of the hospital closure. Components of the contingency plan include:

- All outpatient primary, specialty and subspecialty clinics continue to operate through the MLK Multi-Service Ambulatory Care Center (MACC). As such, there has been no closure of outpatient clinic services, nor has there been a reduction in the level of outpatient clinic services.
- An Urgent Care Center was implemented that operates 16 hours per day, 7 days per week. The Urgent Care Center had been providing approximately 12,000 visits annually before the closure of the inpatient hospital and was projected to provide approximately 20,000 visits after the inpatient hospital closure. Based on actual utilization to date, it is currently projected to provide approximately 25,000 visits annually.
- On-site ambulance services during hours of Urgent Care Center operations were established to provide emergent care transfers to acute care hospitals as needed.

- The County designated nine (9) private hospitals as "impacted hospitals" and offered contracts to pay for uninsured patients brought by 9-1-1 ambulance from identified zip codes served previously by MLK. The hospital reimbursement rate is \$1,950 per day for up to 6 days for patients who are admitted and \$250 for patients who are treated and released. Doctors are paid through the County Emergency Medical Services (EMS) Physician Indigent Reimbursement Program at Medicare rates. Seven of the nine impacted hospitals have signed contracts to date. The impacted hospitals receive priority consideration for transfers of County-responsible patients into the County and MetroCare contract facilities.
- The EMS Agency, in coordination with local fire departments and EMS providers, redrew paramedic boundaries to re-distribute ambulance traffic. MLK-Harbor Hospital was receiving approximately 25-30 ambulance runs a day. EMS has closely tracked the impact on local hospitals and has made adjustments where necessary to balance the system where possible.
- The County retained the same 153-bed capacity as was present prior to the September 2006 CMS survey as follows:
  - 20 beds at Harbor-UCLA Medical Center (15 open as of October 9, 2007; remaining 5 beds scheduled to open on November 1, 2007).
  - 52 beds at Rancho Los Amigos National Rehabilitation Center (All 52 beds are available; 22 beds are currently staffed. Additional beds will be opened based on demand and staff recruitment).
  - Continuation of 17 MetroCare beds under existing MetroCare private hospital contracts.
  - In addition, the Department is maintaining the 64 inpatient beds previously opened at County facilities and private facilities under the MetroCare plan in the Fall of 2006.
- The 21 MLK psychiatry beds at Augustus Hawkins have moved to LAC+USC Medical Center's license and operate under their management for a combined total of 71 inpatient psychiatric beds.
- The County launched a bilingual media campaign to educate South Los Angeles community residents about MLK service changes. The key messages of the campaign were to notify residents that urgent care and clinic services were open, and emergency services were closed. Components of the media campaign included:
  - A total of 485 radio spots airing on Hispanic and African-American stations.
  - Quarter-page print ads in the Compton Bulletin, CA Crusader, LA Watts Times and ACC; quarter-page ads in La Opinion.

- o A bilingual direct mailout to 300,000 residences in the MLK service area.
- o 100,000 bilingual (English/Spanish) flyers and 12,000 (3,000 each) in Korean, Chinese, Vietnamese, and Khmer, distributed to community partners, advocacy groups, area churches, public housing projects, and other interested parties. The flyer was also translated into Samoan.
- o 2,000 bilingual interior bus signs in bus routes in the MLK service area; 10 bus shelter signs posted within 3 miles of the MLK MACC.
- o Outreach efforts will continue.

### **Budget Impact**

No net savings are assumed for the Department because DHS has sought continued provision of the services to the community through a combination of opening additional beds at DHS hospitals or existing MetroCare private hospital contracts.

The FY 2007-08 Supplemental Budget Resolution realigns funding within the Department to account for the elimination of inpatient services at MLK-Harbor and transfer of services among other facilities.

The Governor signed SB 474 on October 12, 2007, which will provide \$100 million annually to the South Los Angeles Medical Services Preservation Fund. These funds will help to offset the cost of the MLK MACC, impacted private hospitals, and County hospitals. The fund is available for up to three years or until the hospital re-opens.

### **Vision for the Future**

The Department is committed to establishing the MLK MACC as a facility oriented to meeting the needs of community and community providers. MLK-Harbor Hospital provided approximately 167,000 outpatient visits in 2006. The plan for the MLK MACC envisions expanding to provide 190,000 visits annually. The Department has undertaken a comprehensive analysis and restructuring to improve efficiency and effectiveness at the MLK MACC.

It is the intent of the County to re-open the hospital within one year, either through the RFS process, direct negotiations with other interested providers, or as a County-operated facility.

If you have any questions or need additional information, please let me know.

BAC:lw

Beilenson memo to bos

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors